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Anti-Colonialist Policy
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The condition of the Bretton Woods system is sufficiently decayed, that certain financial institutions of London, Paris, or Switzerland could set off a general, world-wide financial collapse on any business day one of them chose to do so. The number of nations which are currently "non-performing" on debt-payment is sufficiently numerous that if but some among them were declared to be in a state of legal default, the international financial pyramid of debt would collapse.

What causes this situation to be so dangerous is not simply the matter of Third World debt. Since the middle of the 1970s, the OECD economies and financial systems have been sustained by looting the Third World in several interrelated ways: rigging of exchange-values of national currencies, flight-capital expeditions, usurious methods of pyramiding pre-existing financial obligations, and a large gap between inflation of Third World imports and accelerating deflation of prices of Third World exports. This looting has masked the extent of intrinsic insolvency of the banking systems of the United States and certain other OECD nations. It is a fair estimate that some developing nations, including India, Brazil, and others, have a more orderly internal financial situation than exists in the United States of America. The risk to the world's financial order is not the likelihood of non-performance by some developing-nation debtors. The risk arises from the decayed condition of the OECD sector, to the point that a few tens of billions of dollars of debt in default could trigger a world-wide financial collapse in the order of between \$1 and \$2 trillions in losses.

To numerous among leading financial executives, including Carlo De Benedetti of the leading Venetian circles, it has become clear that none of the presently proposed measures of rollover, including massively increased funding of the International Monetary Fund could cope with the estimated \$600 to \$700 billions of debt coming into jeopardy during 1983. To such circles, the practical question of 1983 is not how to prevent the financial collapse, but how to manage the collapse, how to prearrange who shall and shall not survive the \$1 to \$2 trillions financial collapse they deem inevitable for 1983. A group of financial interests so persuaded currently project a prearranged collapse which will hit the United States with such selective emphasis that circles centered around Switzerland and City of London interests shall emerge

from the collapse as virtual financial dictators over most of the world.

It is the declared intention of some among these plotters, including Fritz Leutwiler of the Basel, Switzerland, Bank for International Settlements (BIS), to "kill the developing nations" by protracted financial starvation over the course of an indefinite period beginning the early months of 1983. Others emphasize a process of grabbing selected natural-resources assets of developing nations. "Gun-boat" debt-collection (NATO "out-of-area deployments") and means modeled on the British takeover of Egypt during the 19th century are among the designs featured in statements from these quarters.

To the best of our knowledge, the present intention of these conspiring circles is as follows. Whether events will actually follow plotted lines we do not know. The indicated "scenario" is a credible one, and fits the consistent policy-posture offered by relevant leading policy circles in New York and Western Europe. Even if events deviate somewhat from the indicated "scenario," the scenario reflects the current state of mind of the Anglo-Swiss plotters to be watched.

No later than Dec. 20, 1982 (cf. the *London Times*), the decision to proceed with an orchestrated crash-scenario was completed. During this period, Rimmer de Vries of New York's Morgan Guaranty circles counselled *Time* magazine on the content of a featured cover-story, "Debt Bomb," published in *Time*'s Jan. 10, 1983 issue. This panic-inspiring *Time* article was published in coordination with deployments to influence the U.S.A.'s federal Executive and Congress, with Rimmer de Vries a prominent figure in those efforts.

The general plan is to intimidate President Ronald Reagan into capitulating to a specific kind of purported "banking-system bailout plan" by approximately Jan. 28, 1983, and, with the President's assistance, to terrify the U.S. Congress into submission by the second half of February.

The intimidating rhetoric being directed against the federal Executive and Congress is fairly represented as follows. "Mr. President, if you do not support this plan, you will be responsible for allowing a terrible financial crash to happen." In addition to false testimony being staged by a corrupt U.S. Senator, Charles Mathias, a Republican from Maryland, there is a saturation of administration and congressional circles with propaganda-deployments designed to create the kind of

climate of panic in which the Executive and Congress will sign almost anything demanded by the bankers.

Once the U.S.A. had agreed to take the principal brunt of the financial collapse, the financial collapse will be triggered, most probably during March 1983. This crash will create escalating panic throughout the period leading into the May 1983 international monetary conference at Williamsburg, Virginia. That state of panic is intended to bring the governments participating into a state of submissiveness. The plotters will then demand that the International Monetary Fund be elevated in rank and function to become a "world central bank." John Maynard Keynes's post-war proposal for a "world central bank" is being heavily referenced in propaganda-campaigns for such a change now. In fact, the reorganized IMF, controlled by "technicians," would be a mask for world financial dictatorship by a cabal of powerful private financial interests of Switzerland and the City of London (among other participants).

Having acquired a nearly world-wide monopoly over the creation of money and credit, this cabal of private bankers would soon more than recover its own financial losses in the crash. The power to determine who issues money and credit, to whom and for what purchase, is the power to buy up real estate and other tangible, rentable assets of most of the world at virtually no net cost to the cabal of financiers controlling such a monopoly.

It is to be emphasized that such a scenario is subject to alteration, for a variety of most probable reasons. It is also to be emphasized that this particular scenario reflects more or less exactly the direction into which the current thinking and practice of that cabal of financial powers is running. This is the power, and philosophical outlook which must be defeated, and that during the weeks immediately ahead.

Some would argue that such a scenario will probably not unfold, at least not so early as 1983. This would be argued on the ground that the U.S. government and also various privately held forecasting services have assured a modest U.S. economic recovery during 1983, a growth of between 2 percent and 4 percent in U.S. GNP. It is argued that this modest recovery will stave off financial collapse generally, providing an improvement in Third World export-import balances sufficient to ensure continued ability to pay debt-service by a range of nations including Brazil. In the terms presented, any forecast of "modest economic recovery" during 1983 is pure buncombe. Although, drastic shifts in economic and monetary policy could provoke a recovery, no such shifts in policy are presently under serious consideration among OECD governments—excepting, possible, discreetly quiet studies conducted in Japan.

Since we have counterposed our own competence as economic forecasters to most competing forecasting agencies in the world, we are obliged to point to our special credentials on this point.

Beginning the final quarter of 1979, this writer and his associates have published a regular, quarterly forecast for the U.S. economy: the LaRouche-Riemann forecast published by the international political-intelligence newsweekly, *Ex-*

ecutive Intelligence Review. Over the 13 quarters to date, this forecast has been consistently the most accurate economic forecasting in modern history. During the same period, competing forecasts published, both those of the U.S. government and private agencies, have been consistently wrong, usually to the point of absurdity. A summary graphic comparison of forecasts is included in this report, in substantiation of that observation.

The forecast of a "modest U.S. economic recovery during 1983" is pure fraud, insofar as such forecasts presume a recovery premised upon existing policies of practice.

Even a sharp reduction in Federal Reserve interest-rates, and a generous expansion of money-supply could not produce a true economic recovery, even a modest one. During the first three quarters of 1982, the *EIR* forecast projected a rate of contraction of the goods-producing and transportation sectors of the U.S. economy in the order of 7 percent per annum. A contraction of between 6.7 percent and 6.9 percent was reported at the close of this period, a deviation from *EIR*'s forecast within the margin of error built into U.S. government and Federal Reserve reporting of statistics. If a radical improvement in U.S. policies did not occur, *EIR* projected an accelerated decline at rates of between 12 percent and 15 percent erupting during October. Presuming no major drain of financial markets by governmental deficit-financing during early 1983, a very large presumption indeed, monetary expansionism would do no better than to lower the rate of collapse to between 4 percent and 7 percent per-annum. This also presumes no financial collapse during that period. Actually, using the most generous estimates for possible expansion of money-supply during 1983, government borrowing will gobble up more than 80 percent of that increase.

Assuming no fundamental deviation from present monetary philosophies of practice among OECD nations, early 1983 is a period of pyramiding of existing debts, combined with sharp contractions in the payments-basis. This will be accompanied by sharp deflation of prices as well as sharp reductions in quantities of demand for Third World exports. Within the framework of present monetary philosophies of dominant nations' governments, the world's financial system is faced with choosing between Weimar-style hyperinflationary debt-refinancing spirals and general collapse, with collapse probable during the first half of 1983.

Over the recent years, especially the year leading into the August 1976 Non-Aligned conference at Colombo, Sri Lanka, leading forces within the Non-Aligned nations group, even some governments of British Commonwealth nations, have proposed policies of international debt-reorganization which might have prevented the recent and present monetary crisis, and which continue to be sound on principle for the situation today. Such measures, by avoiding otherwise inevitable financial defaults by nations, and by promoting substantial growth in world trade, would be equally beneficial to OECD and developing nations.

Although it must appear that the opposition to such reforms has come chiefly from the IMF, World Bank, GATT,

and various OECD governments, especially the U.S. State Department, these agencies have been acting under strong, sometimes extortionist influence deployed by, chiefly, the City of London and Swiss banks. These are approximately the same collection of supranational financial powers behind the kind of scenario summarized above. To secure that kind of monetary reform which is immediately in the urgent interest of both OECD and developing nations, it is necessary to break the political power of that financier cabal, to greatly weaken the grip of that cabal over the policies of governments.

There is probably only one means by which this might be accomplished: a debtor-nations' cartel, whose negotiating demands are in the urgent common interest of the OECD and developing nations. Although such action would be met initially with a ferocious escalation of the hostile actions the idea of such a cartel has met repeatedly since 1975, once it became clear that those escalated threats and related menacing actions would not suffice to break up the cartel, a number of governments, including probably the U.S. government, would abruptly shift their policy postures to one of negotiating cooperative actions with the cartel.

In any case, the developing nations have no real choice but to mobilize such a cartel. Unless the political power of the opposing financier cartel is defeated very soon on this issue, those developing nations will begin to die quite rapidly, many of them ceasing to exist in recognizable form before the close of the present decade. In all probability, the early phase of 1983 is what the historian and dramatist Friedrich Schiller defined as a *punctum saliens*, the last opportunity to forestall the tragedy threatening to unfold as an unstoppable sequence of events.

The economic-theoretical basis for design of the new world monetary order is included in a book-length policy-study, *Operation Juárez*, issued during August 1982. Although that text is focused specifically on the Ibero-American component of the present world problem, in respect to matters of principle and with respect to proper alternatives of international monetary organization, it is fully applicable to the situation of the developing nations as a whole.

This present report should be regarded as a supplement to that *Operation Juárez*. In the following pages, we briefly summarize afresh the general monetary-reform proposal required at this juncture, and include a summary of the interconnected, rapidly growing military changes.

1. The basic features of monetary reform

The basic, feasible solution to the crisis of Third World debt is to combine a general rescheduling of existing debt with new instruments and policies for fostering expansion of the payments-basis of the debtor-nations. The first is accomplished by issuance of series of bonds by governments and national banks of debtor-nations. Such bonds, bearing interest-rates of not more than between 2 percent and 4 percent per annum, become discountable securities within a reformed international monetary system, and are employed to purchase existing debts from creditor institutions or from the govern-

ments or national banks of the nations to which the creditor-institutions belong. The second is accomplished by the creation of a new kind of credit-generating mechanism, providing medium-term to long-term lending at low borrowing-costs. The use of that credit-issue should be restricted to anti-inflationary investments in technologically progressive forms of improvement of goods-producing and basic economic infrastructure enterprises.

Such new arrangements must be shaped to transform the idle export-producing capacities of capital-goods-exporting nations into medium-term and long-term credit. The national treasuries of the exporting nations must issue lendable volumes of new issues of gold-reserve-denominated currency-notes, loaned through national-banking institutions. Those lendable currency-issues should be limited in use to either goods-producing or infrastructure-building applications, in which the national banks underwrite a portion of the total value of loan-agreements. Those loan-agreements would be usually contracted by private banks.

In the case of the U.S.A., in particular, this would require "federalizing" the Federal Reserve System, converting it into what would become effectively the Third Bank of the United States. Under this arrangement, the power of private banking systems to generate increased monetary aggregates would be eliminated; the private banks would be limited to lending of two categories of credit: a percentile of deposits of cash with those banks, plus relending of new currency-issues of the government.

This restrictive measure closes down the "Keynsian multiplier," shutting off the engine of monetary inflation. In the U.S.A., and most developing-nation cases, this must be coupled for the foreseeable period ahead by very strict exchange-controls, as defense against flight-capital wrecking of national economies, and as defense against rigged up-valuations and devaluations of currencies. The governments become responsible to provide sufficient volumes of new currency-issues to national banks to meet the credit needs of goods-producing and infrastructural enterprises. Wages payments on account of production and improvements of infrastructure become virtually the sole means by which the general money-supply is increased. Increase of cash deposits by savers provides the supply of lendable funds for non-goods-producing borrowings.

The same procedure of lending is used to fund medium-term to long-term export-financing of capital-goods exports. How such funding of exports benefits the exporting economy is reviewed in *Operation Juárez* at some length.

If such measures are adopted, monetary inflation is usually halted abruptly at its source. In some cases, such as Italy and Argentina, a general currency reform is required, along the lines examined in a 1980 study *A Gaullist Solution to Italy's Monetary Crisis*, to eradicate the so-called "black economy." It is also recommended strongly that taxation policies penalize purely speculative capital gains on real-estate holdings, financial paper, and so forth, one of the principal mediators of general monetary inflation.

The related power-struggle

The fight over monetary reform today is a continuation of a long struggle against the practice of usury. In modern centuries, this conflict has centered around a battle between republics' governments and major private rentier-financier interests, a struggle to determine which of these two powers shall exert a monopoly over the creation and direction of flow of increases of money-supply.

During the recent two centuries, the principal factions combating one another have been the forces of the American System of political-economy, on the one side, and of the so-called British system, on the opposing side. The British system, typified by the work of such British East India Company spokesmen as Adam Smith, Thomas Malthus, David Ricardo, Jeremy Bentham, James Mill, and John Stuart Mill, is the policy of the private rentier-financier monopoly over the creation and flow of the principal amounts of increase of money-supply. The American System, associated with Alexander Hamilton, the Careys, and Friedrich List, reserves such a monopoly to sovereign governments of republics, a monopoly administered by the treasury and national banking institutions of such republics.

As *Operation Juárez* summarizes the relevant history, developments of the 1870s, including the U.S. Specie Resumption Act, and the 1878 Treaty of Berlin, decisively shifted the balance of power world-wide into the hands of Anglo-Swiss-Amsterdam private rentier-financier monopolies.

As *Operation Juárez* also summarizes the facts, modern economic science was established by Gottfried Leibniz, beginning his short *Society and Economy* (Paris, 1671). It was Leibniz's economic science, mediated chiefly through French circles allied to the Oratorian teaching-order, which conveyed Leibnizian economic science to Benjamin Franklin and Franklin's co-conspirators. This formed the basis for U.S. Treasury Secretary Alexander Hamilton's 1789-91 establishment of the comprehensive range of policies known from that time onward as the "American System." In principle, the American System was cousin to another derivation from Leibniz's economic science, the economical and technological policies of Lazare Carnot's Ecole Polytechnique, and the French economists Claude Chaptal and Charles A. Dupin. A related current was transmitted into Ibero-America through the court of Spain's Charles III, leading into the close collaboration of Alexander von Humboldt with New World projects set into motion under Charles III. It was the combined heritage of Leibniz (in Germany), Chaptal and Dupin of France, and Hamilton and Carey of the U.S.A., which Lafayette's collaborator, Friedrich List, assembled to become the policy behind Germany's 19th-century industrial miracle.

With those qualifications for the name of "American System," it was the continuing battle between the United States and Britain, through the 1860s, which defined the lines of combat between republicanism and feudalistic rentier-financier oligarchism, world-wide, over the century from 1766 to

1865, and continued in some parts of the world beyond that.

What is proposed as the basis for general monetary reform today, is essentially a revival of that American System's principles as the new basis for economic and monetary relations among sovereign republics. This represents an end to the long virtual dictatorship of Anglo-Swiss-centered rentier-financier monopolies of world finance, an end to world-rule by policies modeled upon the British system of political economy.

What this writer and his associates have added to the previously established American System of political-economy is a method of solving the long-mysterious connection between an injection of some quantity of technological progress and a resulting quantity of increased economic growth and increased per-capita productivity. This addition, reflected in the LaRouche-Riemann method of economic forecasting, is based on crucial features of the mathematical physics of a leading 19th-century scientist, Professor Bernhard Riemann of Göttingen University. Riemann's work permits us to make the connection between technology and economic growth mathematically comprehensible. Although the general connection between the two was first rigorously defined by Leibniz, and is the central feature of policy of the American System since Hamilton's 1791 *Report on the Subject of Manufactures*, the mathematical analysis of that connection was not known until this writer's initial, 1952 discovery of the Riemannian solution to that problem of analysis.

This improvement within the American System does not alter any previously established principle of that system. Its significance is that it enables us to answer certain important questions of investment-allocation priorities in a manner not feasible without use of the LaRouche-Riemann method. The most relevant features of that improvement are reported in *Operation Juárez*.

Although this writer has been subjected to greater amounts of scurrilous press and other vilifications than any living person not a head of state or government, the prompting of those campaigns of lying and other harassment does not actually arise because of the British hatred of his innovations in economic science, but because of his activities to the effect of reviving the cause of the American System as Hamilton, the Careys, and List knew it. This writer has found himself, more or less by want of anyone else to lead such a cause, of unique importance to his enemies because of his activities as a catalyst for reviving the American System's policies. He is treated as a "serious potential danger" to the Anglo-Swiss financier interests because he offers crisis-wracked governments an alternative to continued world domination by private monopolies over credit by rentier-financier interests, and so credibly threatens to assist governments in recognizing the potential monetary and economic power at the command of sovereign republics.

Thus, although this writer's proposed monetary and economic reforms would actually rescue numerous of such rentier-financier institutions from probable bankruptcy, many of those institutions nonetheless hate the writer's proposed rem-

edy. They would rather lose their wealth than save their wealth at the cost of losing their *political* power over the world's currency and credit.

That continued political power of the rentier-financier interests is such that it has controlled the will of governments, including Anglo-American rentier-financier control over the foreign policies and foreign and domestic monetary policies of the United States throughout the period since the premature death of President Franklin D. Roosevelt. For this reason, the continued policies of most OECD governments has been, in effect, directly opposed to the most vital interests of the nations those governments represent. The present economic and monetary crises generate preconditions for rather abrupt recognition of this deadly contradiction between extant governmental policies and national interests. We are at the point of crisis that an abrupt shift can occur in the policy-making matrices of those governments, an abrupt, if painfully wrenching shift away from monetarist policies to national-banking policies.

If sufficient pressure is properly applied to that point of cleavage in policy-impulses of nations, the general movement of policy-making could be abruptly shifted from a monetarist, to a national-banking basis. If the forceful action of a debtors' cartel is shaped consciously to effect such a result, that action might prove to be the only means by which civilization as a whole escapes an otherwise almost certain plunge into Hell during 1983-84.

What must be avoided is a creditor-debtor confrontation which falsely represents the issue as between "rich and poor" nations. It is not the richness of OECD nations which causes the developing nations' problems; it is the control of the currency and credit of both industrialized and developing nations by a rentier-financier monopoly-power—a supranational monopoly-power. The debtors must appeal to the self-interest of the OECD nations, to supremacy of sovereign governments over private financier interests in respect to the monopoly over money and credit-flows. The debtors must recruit the republican forces of the OECD nations to liberation of the world from the wickedness of a common, rentier-financier, Anglo-Swiss oppressor.

2. The war danger

During the last world war, U.S. President Franklin D. Roosevelt advised Britain's Prime Minister Winston Churchill of two leading points of his post-war U.S. policy. This was documented in a published eyewitness account by the President's war-time aide, his son Elliot Roosevelt's *As I Saw It*. Prior to U.S.A. overt entry into the war against Nazi Germany, Roosevelt advised a (probably apoplectic) Churchill that the U.S.A. was not going to repeat the experience of World War I, of fighting a world war to save the British Empire. During these war-time meetings between the two, Roosevelt also warned Churchill that the post-war world would not tolerate a continuation of "British 18th-century methods" in international economic and monetary policy; the damage of colonialism would be corrected through technological aide in the form of great projects for the former colon-

ial nations, using American economic methods. This anti-British policy for the post-war system was popularly known as the "American Century" doctrine.

This American Century policy implied a thrust of U.S. foreign policy toward the Soviet Union. If the Soviet Union would accept the American System of monetary and economic affairs respecting relations among sovereign states, the Soviet Union should participate as a partner in the post-war economic order world-wide, a Soviet participation envisaged as contributing to durable peace and peaceful cooperation.

If such approaches to U.S.A.-U.S.S.R. relations appear almost incredible today, such policies were quite credible at the time. V.I. Lenin was predominantly committed to an anti-British policy of seeking economic cooperation with the United States. This was, not insignificantly, during the period of U.S. "War Plan Red," a U.S.A. war-plan for U.S. war against Britain and its "Go North" allies in Japan. Josef Stalin was also predominantly anti-British, preferring to deal with the U.S.A., especially so under Roosevelt. As for "War Plan Red," the conduct of the war in the Pacific under General Douglas MacArthur, and MacArthur's post-war policies for the Pacific basin were reflections of the strategic outlook of a "War Plan Red"—one of the reasons the British, and Averell Harriman's faction in the U.S.A., hated and vilified MacArthur so massively. This is not to imply any admiration, or "softness" for communism among MacArthur's or Roosevelt's circles. Quite the contrary. For Roosevelt's policy-outlook, U.S.A. relations with Moscow were a matter to be governed by enlightened statecraft, not ideological sentimentalities.

As former U.S. Secretary of State Henry A. Kissinger avowed, in a May 10, 1982 public address at London's Chatham House, the premature death of President Roosevelt enabled the British to defeat the American Century policy. Churchill's, not Roosevelt's, policies became post-war U.S. foreign-policy generally, and both domestic and foreign monetary policy. The combination of London and the British agents-of-influence around the New York Council on Foreign Relations took over U.S. monetary policy and the Department of State to the degree that Kissinger did not exaggerate in describing every post-war U.S. Secretary of State, himself included, as having been a *de facto* British agent.

In this context, a U.S. thrust for nominal independence of former colonies merely masked the fact that Anglo-Swiss policies ruled, through "technicians," at the International Monetary Fund, and that the British Colonial Office was dissolved during the early 1950s to facilitate the transfer of its functions (and many of its members) to the World Bank and GATT. In respect of policies of practice, every post-war Secretary of the Treasury, and every Chairman of the Federal Reserve System, including Secretary Hans Morgenthau, Jr., has been a British agent of influence.

Britain's greatest fear was that the U.S.A. and U.S.S.R. would establish direct, bipartisan negotiations during the post-war period, "freezing" Britain out of all crucial areas of decision-making. Churchill's solution to this problem was his "Iron Curtain" policy, and his own and Bertrand Russell's

public co-sponsorship of a policy of "preventive nuclear war" against the Soviet Union. Russell always admired the homicidal features of warfare, provided this did not bring about military catalysis of accelerated technological progress in the civilian sector of the economy.

At the turn of the 1950s, the wishful Anglo-American presumption, that the Soviet Union would require more than 10 years to develop a deployable fission-weapon was cruelly nullified by Soviet development of a deployable H-bomb. The Anglo-American project for late 1950s "preventive nuclear war" was discarded under President Eisenhower. The Cold War began.

In the aftermath of two terrifying shocks, shocks both to the world in general and the U.S. citizenry, circles backing U.S. Secretary of Defense Robert Strange McNamara instituted a military doctrine known as Mutually Assured Destruction (MAD). The shock of the 1962 missiles-crisis and the 1963 assassination of President John F. Kennedy provided (chiefly) the degree of benumbed malleability to political processes to make this profound shift in military thinking possible.

It was argued that thermonuclear weapons were an "ultimate weapon," a weapon so terrible in consequences that no government could actually risk thermonuclear warfare. It was argued also, that if one could prevent scientific development of weapons-systems which might effectively counter thermonuclear warheads, the existence of a balance of thermonuclear terror could render general warfare between major powers unthinkable permanently. This did not, however, preclude "surrogate wars" fought "below the threshold of thermonuclear warfare." 1970s developments such as "forward nuclear defense" and "theater-limited nuclear warfare," as well as the prolonged Vietnam War of the 1960s and early 1970s, are consistent reflections of the doctrine of Mutually Assured Destruction. So is the NATO "out-of-area deployment" policy and such expressions of that NATO doctrine as "Airland 2000" preparations for wars fought against developing nations during the 1980s and 1990s. It is consistent with this that the principal backers of the nuclear freeze policy, including such Vietnam War-era notables as Robert McNamara, General Maxwell Taylor, et al., define the nuclear freeze policy as purposed to facilitate concentration of military budgets upon fighting "conventional wars" against developing nations.

The continuation of this MAD doctrine is presently impelling the world toward both "colonialist" warfare in the developing sector, and also toward a highly probable thermonuclear war, possible during the middle 1980s—the 1985-88 period being most dangerous if present directions in policy are continued. It is important that the leading contributing causes for this growing war-danger be understood; without understanding this, proposed solutions to the problem will be foolishly designed, as the widespread support for the nuclear freeze and peace movements currently exemplifies.

From the outside, without considering the motives of the architects of the MAD doctrine, it appears that faith in the MAD formula has encouraged the U.S.A. and its allies to

collapse large elements of what traditional military policy would define as in-depth war-fighting capabilities, tearing down, especially, the policy-structures of technological-economic growth and progress in the civilian sectors of the OECD and developing-sector economies, and constricting traditional arms of warfare to adjust to the narrowing constraints on such categories of military expenditure.

From the inside, the facts remain the same, but the motives are discovered to be rather different. The consistent character of the leading proponents of the MAD doctrine has been their Malthusian philosophical world-outlook, their determination to sharply reduce the world's population—to as low as 1 billion individuals by some time after the turn of the century. This Malthusian doctrine is sometimes a reflection of Anglo-Saxon racialism pure and simple, as in the case of former OECD director and early Club of Rome sponsor, Dr. Alexander King. More deeply, the motive for the Malthusianism is the policy famously proposed by the Pre-Raphaelite Freemasonic cult of Oxford University Professor John Ruskin, to tear down the institutions of the technologically progressive agro-industrial nation-state, and to establish a world-federalist order of a quasi-feudalist form, looking back to the Roman Empire, and to Europe during the early 14th century. The military problem has been, as Russell emphasized in his 1902 walk-out from Lord Alfred Milner's Coefficients circle, that maintaining potential in-depth capabilities for modern warfare requires the kinds of institutional approach typified by Lazare Carnot and the Ecole Polytechnique under Carnot's and Gaspard Monge's leadership.

What is warfare?

If one species of arsenal, thermonuclear missiles, could somehow prevent general warfare, then the rest of the kinds of capabilities required for traditional notions of general warfare since Carnot's reforms could be torn down. The development of warfare capabilities could be reversed, in respect of policy-outlook, to the notions of "cabinet warfare" prevailing in Europe prior to Carnot's revolutionary deployment of massed fire by new models of mobile field artillery. This feudalistic utopianism in military ("cabinet warfare") thinking, is aptly reflected in such notions as "theatre-limited warfare" in general, and in present emphasis on "conventional buildup" for fighting colonialist wars against developing nations. A military "theatre" becomes a "theatre" in the sense of the Roman imperial gladiators' arena, a bloody game performed according to fixed, set-piece rules, for the amusement of monstrously sado-masochistic sodomists such as Tiberius or Nero controlling the affair from the grandstand.

This quasi-feudalistic utopianism in military outlook as such, is supplemented by predominant emphasis on what the term "psychological warfare" has come to signify in the practice of a world-wide network of institutions, including the RAND Corporation, spawned out of the orbit of the London Tavistock Clinic and Sussex University.

From the vantage-point of the utopians on the NATO side of the strategic adversary relationship, defeat of the Soviet Union is intended to be accomplished by a chain-reaction of

insurrections spilling out of Eastern Europe, through the Ukraine and Caucasus, into the "heartland" of Central ("Islamic") Soviet Asia. This fosters a reciprocal sort of view in some Moscow circles: since the hated NATO adversary appears bent upon destroying himself through such policies as "post-industrial society" and wars with his former colonies, perhaps it is in Soviet strategic interests to encourage the adversary in his own self-destructive folly. What then occurs if either force's command discovers that its psychological-warfare scenario for the destruction of the other is mere wishful self-delusion?

If the growing strategic imbalance shifts to become a qualitative advantage of Soviet forces, and if the Soviet Union stubbornly refuses to dissolve itself with internal strife, what impulse then seizes such present sponsors of the nuclear freeze doctrine as the powerful Harriman circles in the U.S.A.? It is to be remembered that the family of Averell Harriman were the most prominent backers of Adolf Hitler's ascent to power in Germany, the Harriman family openly emphasizing their admiration for Hitler's proposed "racial hygienic" policies of practice. It was from approximately 1938 onward, that prominent Anglo-American backers of Hjalmar Schacht's Hitler project were converted into professed adversaries of their former Nazi protégés. This shift from a pro-Nazi to anti-Nazi posture during World War II was not accompanied by any significant change in philosophical outlook among those circles. The "eugenics" policy of the 1932 American Museum of Natural History, for "eugenicist" backing for Hitler's rise to power, is the continuing basis for that museum's role in promoting tribalist and related separatist projects today, and the Draper Fund/Population Crisis Committee's demand for "population and raw-materials wars" against developing nations today, the "conventional build-up" and NATO "out-of-area deployment" policies of 1982-83. The Harrimanites' liberal mask of Nazism during the early 1930s will be the logic of those circles' response to the perception that "internal crumbling of the Soviet empire" has been their wishful self-delusion.

The combined effects of "post-industrial society" policies of practice and the present economic depression and monetary crises must tend to be to injure the Soviet economy much less severely than the OECD nations' economies. If we examine this from the standpoint of "grand strategy," rather than merely military strategy as such, the consequences of these developments for the power-equation are obvious, both objectively and in respect to the subjective factors. The failure of the Soviet Union to "crumble," to survive a period of aggravated austerity, means that the wishful delusion will tend to evaporate at about the same time that a new depression's depths would produce the most painfully perceived effects on the relative strategic potentialities of a crumbling Atlantic Alliance.

It is also certain, that as long as the adversary-relationship between the two superpowers exists, neither would ever find itself in the position, within the bounds of existing military equations, to carry arms-reduction to the point of losing the perceived potential to obliterate the other. This implies that

the U.S. military potential crumbles in all areas but its hard-core of thermonuclear strategic potential.

This configuration must tend to become dominant by approximately the 1985-88 period. During this period, assuming continuation of present policy-matrices among OECD nations, the U.S.A. will be impelled to resort to thermonuclear extortion, attempting to extort from Moscow an agreement to destroy its emerging qualitative strategic superiority. Under a continuation of present policy-matrices, this same period, 1985-88, would be a period of firestorms of regional warfare and related horrors throughout most of a disintegrating array of former nations of the developing sector, warfare in which OECD nation's "conventional" military forces are deployed widely and frequently to fight "population and raw-materials wars." So, the tightening finger on the thermonuclear trigger is situated within global conditions echoing early 14th-century self-destruction of Europe.

Furthermore, this will be a period of dictatorships in most OECD nations. We are already in sight of a coup d'état in Italy, threats of emergency government (as early as during 1983) in West Germany, and preconditions for increasing shift toward "emergency government" in the U.S.A. itself. It is under such combined economic, social, cultural-pessimistic, and associated political circumstances that the finger will be tightened on the thermonuclear trigger. The probabilities of thermonuclear war under such circumstances are so grave that we dare not speculate on the hope that such war is not certain. Whether the war is certain or not, we must act as if it were, to ensure that it is prevented.

It is useful to compare the present count-down of global developments to that of the 1929-39 period. Only in abstraction could we speculate that Hitler's rise to power might have been prevented or reversed within Germany after the overthrow of the Schleicher government—perhaps even the failure of the Schleicher alternative was then already predetermined in reality. Only in abstraction was World War II avoidable after Munich 1938, or perhaps it was already unavoidable after the French failure to occupy the Rhineland in 1936. People do not choose wars or peace arbitrarily, as ignorant moralists often argue. It is institutions which make these choices, institutions whose decisions or want of decisions flows from the character they have acquired up to that point. The last chance to change the direction of policy-thinking of such institutions, away from the course toward catastrophe, constitutes a point of no return, or, better, a *punctum saliens* in the sense Friedrich Schiller defines this for both classical tragedy and real history.

We do not pretend to know with certainty when such a *punctum saliens* for the present period is reached. *We can not be certain that such a point has not already been passed.* Nonetheless, it is most probable that the period of January through May 1983 is that point; the combination of economic, monetary, and military decisions being made during this present, brief period will so significantly predefine the decision-making biases and capabilities over subsequent months, and even perhaps years, that a failure to drastically reverse prevailing policy-directions now appears to ensure certainty

of the kinds of catastrophes we have identified as threatening us during the years immediately ahead.

It is our considered estimate that there are only two visible kinds of policy-decisions which might interact to accomplish a reversal of present trends. The first is a shift toward the kind of New World Economic Order we have outlined. The second is a sweeping shift in military policy, to the effect of eradicating the MAD and "conventional, colonialist warfare" doctrines.

As to the first, barring an almost miraculously early acceptance of this writer's proposals to the Reagan administration, the only credible means for triggering negotiations of a New World Economic Order in time, preferably before March 1983, would be forceful action by a powerful debtors' cartel within the ranks of the Non-Aligned and its Third World Non-Aligned partners now. If such a debtors' cartel acted in support of the policies this writer and his associates have massively circulated within OECD leading circles, as well as Non-Aligned and other circles, the optimal convergence of efforts and perceptions between the Non-Aligned and influential portions of OECD decision-influencers would be effected.

The second set of policy-change decisions, the military matters, requires some summary explanation here.

Beam-weapons policy

According to U.S. military sources, as early as 1976, the Soviet Union was developing large-scale capabilities of a variety suited to deploying anti-missile beam-weapon defenses. In the expert knowledge of the writer and his relevant associates, Soviet science is advanced in respect to such capabilities. We find credible the estimates of some military and scientific circles, of both the U.S.A. and Western Europe, that in some aspects of such an effort the Soviet Union is perhaps five years ahead of the U.S.A. Although we reject as unscientific the assumption that such matters can be measured in "years ahead," as a crude way of making a point the argument is reasonable if inaccurate.

At the same time, it is only wishful self-delusion which argues that a submarine-based nuclear "second strike" is virtually invulnerable to "first-strike" destruction. Although the writer and his associates are not privileged to know secret information, as civilians we know of several scientific methods by which such submarines can be detected for targeting, and also know that such methods of potential anti-submarine-warfare techniques exist as a matter of available practice.

A combination of space-based, aircraft-launched, ground-based point defense, and anti-submarine-warfare defensive systems is already fully available in terms of existing scientific-technological potentialities, such that such a strategic defensive-weapons system could be deployed within approximately five years by means of a suitable crash-program conducted by either superpower. Such defensive systems have the implicit capability of rendering thermonuclear warheads technologically obsolete, implicitly with a proverbial 99 and 44/100ths percent effectiveness.

If both superpowers agreed to develop and deploy such

defensive systems independently, but in parallel, the MAD doctrine and all that it implies could be eliminated by the mere adoption of such an agreement.

There are two possible dangers arising from such a radical transformation of present agendas of arms-negotiation between the two superpowers. The one is simply approached; the second is a problem of more sophistication.

First, there is the risk that if either superpower were to deploy such systems with a critical margin of advantage in strategic balance of defensive-offensive capabilities, that power would have implicitly won World War III. This problem can be managed, albeit with certain administrative difficulties, by agreement between the powers. Such agreement makes possible what is otherwise impossible as long as adversary-status persists—the programmed elimination of thermonuclear arsenals.

The second problem is that elimination of the "ultimate weapon" of thermonuclear deterrence reintroduces the factor of "technological attrition" to military policy. In some mouths, this is restated as "technological arms-race." We broadly identify the problem's character, and then focus upon the two principled offsetting considerations.

It is true that the kinds of weapons-systems capabilities associated with relativistic beams for defensive configurations, is but a few steps removed from space-based offensive weapons-systems. This connection may not be clearly visible from the vantage-point of the kind of physics philosophy and mathematics of the Newton-Cauchy-Maxwell tradition; it is readily clear from the opposing factional standpoint in science, that rooted in Leonardo da Vinci's initial development of hydrodynamics, and the Kepler-Leibniz-Carnot-Riemann current ensuing from that 15th-century starting-point. Such developments are not merely scientific possibilities, but the development of the industrial, civilian basis for producing space-based beam-weapons defensive capabilities would foster emergence of the industrial technological potentialities for contemplating such offensive systems.

Not only are such future, 21st-century developments plausible propositions. The additional, commonplace observation is that a "technological arms-race" implies an explosion in the percentile of total produced wealth allotted to military expenditures.

The first problem is a very real one, but, as we indicate below, a clear solution to the dangers involved is available. The second problem flows from profound fallacies of assumption respecting economics, as we now indicate to be the case.

Although development and deployment of defensive beam-weapons systems does represent perhaps an initial \$150 to \$200 billions combined development and deployment cost to the U.S.A. (in 1982 dollars), this would not represent an increase in the percentile of U.S. tangible-goods output allotted to military expenditures. By virtue of the logic of the matter, the same kind of argument can be made for the Soviet economy.

The experience with NASA's research and development of the 1960s is illustrative. For each rate of increase in level

of NASA expenditures there was an increase in average per-capita productivity in the goods-producing sector of the U.S. economy, such that about \$10 in increased per-capita output was realized through technological improvements of the civilian sector for each \$1 of increased expenditure made.

Simply, the rate of real economic growth of nations is properly measured as the per-capita potential relative population-density of the technological basis of production. Thus, it is proper economic policy of nations to concentrate the relatively greatest portion of net operating profit of the national economy in forcing through significant leaps in technology in some sector of the economy, and spilling these improved technologies into the economy by way of purchases of replacement-capital for production generally.

This is demonstrated most forcefully by examining the way in which the U.S. war-economy of 1940-45 produced the extended post-war recovery of the U.S. economy from the Great Depression of the 1930s. The apparent paradox of this development is the fact that military expenditures are economic waste per se. How can production of such waste conceivably foster an improvement in the efficiency of the civilian economy? The answer to this paradox has nothing to do with military expenditures as such; indeed, military expenditures as such depress economies, rather than accelerating real growth.

The paradox of modern European (and U.S.A.) history, is that since the 1860s, no industrialized nation has adopted those civilian-economy policies which should have prevailed during times of peace except under conditions of mobilization of the economy for general warfare. The urgency of war-economy compels economies to adopt "dirigist" policies echoing the principles of the American System of political-economy. The case of the British Round Table's mobilization for World War I, the temporary adoption of Hamilton's policies by Lord Alfred Milner's group for rebuilding the British navy and so forth, is perhaps the most forceful illustration of the point.

It is policies of fostering full employment, policies of employing full use of existing capacities, and of using the most technologically advanced methods available, which have the effect of raising the average level of technology (and, hence, productivity) of goods-output per-capita, both per member of the labor-force and per member of society as a whole. The addition of forced-draft development of improved technologies to this general mobilization-policy, transforms the civilian economy to a higher level of per-capita potential.

This indirect, paradoxical benefit of technologically accelerated mobilization is maximized if the nation rejects the foolish policy of excessive "military secrecy." It is to the degree that military production is based on advancement of the civilian economy, rather than compartmentalization of military-industrial sectors, that the natural and most rapid spill-over of military technological advances occurs. Do not build up a compartmentalized military-production sector; develop the broad civilian-economy basis for producing the most advanced means of warfare.

The writer and his associates have produced the first of a series of scientific papers documenting the theoretical mathematical physics and demonstrable empirics of this point, beginning with a general outline of the conception of "economic shock-waves" from this writer published in the Dec. 7 and Dec. 14, 1982 issues of the political-intelligence news-weekly, *Executive Intelligence Review*.

The most wasteful aspect of war-production is those expenditures today associated with "conventional," relatively lower-technology "buildup." To the extent such expenditures forcibly accelerate the technological development of the civilian economy, by emphasis on the frontiers of scientific-technological potentialities, the net effect of military expenditures is shifted from one of net loss to one of net gain. The only objection to such a military buildup, from an economic-science standpoint, is to argue that *we were fools not to have employed the same dirigistic policies for the works of peace.*

So, a high technology "arms race" is not to be feared on economic grounds.

It is to be emphasized that the technologies associated with the development and deployment of defensive beam-weapons systems is based, in science, on aspects of relativistic physics portending the greatest technological advancement in productive powers of labor in human existence to date. If we develop such technologies at an accelerated rate beginning now, the productive technologies coming into use during the early decades of the 21st century will make the 20th century appear relatively a stone-age culture.

Lately, there has been an increased popularity of the intrinsically absurd contention that it is weapons which cause wars. On the contrary, it is people who choose and fight wars, and it is the policy-shaping matrices of ruling institutions of nations which determine whether or not war shall be fought over what issues. We must therefore focus the greater part of our attention on the impact of beam-weapons policy upon the cultural matrix of policy-making within and among nations.

The cultural matrix

The great issue of our time is not a conflict between capitalism and socialism. There is a policy-conflict between the kind of capitalist republic associated with Alexander Hamilton's American System and the kind of state-ownership of means of production associated with V.I. Lenin, of course. However, insofar as this is an issue of economic policy, the issue is which system is better. As long as a state of one persuasion does not seek to impose its preference upon the internal affairs of states of an opposite persuasion, there is no proper cause for warfare on account of such differences in economic policy as such.

The principal issue of economic policy, continuing over the recent four centuries and more to date, is whether sovereign governments or privately controlled supranational rentier-financier cartels shall exert a monopoly over the creation and direction of money-supply. The conflict between the United States and Anglo-Swiss financier interests over the period 1766-1865 is the central reference-point for that issue,

the same issue reflected in the Roosevelt-Churchill policy-conflict of 1940-45, the fight of republics against "economic royalists."

This economic issue is, however, merely a reflection of a more profound policy-difference, between factions which cut across the popular version of the East-West divide.

The deeper issue is a division between two opposed conceptions of individual human life.

The one view, which the writer espouses, esteems individual human life to be intrinsically sacred, and properly regarded as divine, in contrast to the beasts. Although each of us is born as an irrationalistic hedonist, through loving nurture of that infant and child we may bring into dominance within the new individual a spark of reason, a potential for comprehending the lawful composition of our universe, a potential to order the development and power for existence of humanity to higher levels through aid of the useful work and perfection of knowledge contributed by the individual.

To us, that development of the potentials of the new individual is sacred, and represents the higher moral law to which both the individual, the family household, and the nation is properly subject. We know that by demonstrating an improvement in the per-capita potential relative population-density of mankind, we have proven that the discoveries associated with that accomplishment reflect true improvement in our knowledge of the lawful ordering of our universe. By studying those principles of scientific hypothesis which prove consistently to produce such improvements in knowledge, we locate in such hypothesis what we rightly term *human reason*.

We are also rightly sensible of the brevity of our individual lives. We are but ephemerals in the great expanse of thousands of years of humanity before us, and, one hopes, innumerable centuries to come. This does not make our existence insignificant; each of us has the potential to contribute something of eternal value to human existence, such that even though our contribution be superseded in quality, as we must rightly hope it must be, what we contribute in that way endures as part of the essential foundation for those greater accomplishments which supersede our work.

On that account, we seek to order the affairs of nations, within nations and among nations, so that these precious individual contributions are fostered, and their benefit protected, just as wickedness must be nullified.

Opposed to this viewpoint is the irrationalistic, hedonistic standpoint. The individual representing such a standpoint is a grotesque parody of an irrational, hedonistic infant. That individual knows nothing but his perception of individual pleasure and pain, and his desire to impose his choice of pleasure upon others, to bring them into a state of submission to his irrational will. For him, nothing exists significantly beyond those pleasures and pains he experiences within the brief span of his living flesh. The ancient, evil cult-dogmas of "blood and soil" are the natural expression of such irrationalistic hedonism in a social form.

The idea of the rule of the world by a feudalistic assembly of rentier-financier "families," world-rule by a confederation

of private *funds* associated with such families, and these *funds* as immortal like the unwholesome deities of the Olympian pantheon, is the connection between irrational hedonism of the individual and the long conflict between the republican and rentier-financier factions.

Elites are not to be despised, provided they are elites defined on the basis of more impassioned commitment to efficient service of humanity as a whole, and seek by such means to bring all humanity into the condition of an elite of equal citizens. It is elites premised upon a world of irrationalistic hedonism, a world driven by brutish dogmas of "blood and soil," a world oppressed by oligarchical, "immortal" funds cast in the image of an Olympian pantheon, which is the enemy of humanity.

In modern times, the exemplification of such evil forces is provided by such formations as Ruskin's Pre-Raphaelite Brotherhood and the existentialist cultural pessimism of the proto-Nazis Friedrich Nietzsche and Houston Chamberlain, the "Wagnerians." Nietzsche's (and Ruskin's) hatred against Socrates, Nietzsche's demand to crush reason and science under the bucolic heel of irrationalistic, hedonistic, blood-and-soil irrationalism, which is the typification of the true causes of war-danger today.

So, in assessing the ultimate impact of development of defensive beam-weapons systems, we must examine that policy in respect to its tendency to assist in eradicating the present spread of irrationalistic cultural pessimism among leading institutions of nations.

First, any development which fosters eminence for a scientific world-outlook fosters preference for rationality as such, a preference for thinking through policies to their lawful consequences, rather than choosing policies on the basis of their nominal ideological flavors. Mere education in science does not suffice to do this, of course, but to the extent scientific progress fosters emphasis on the importance of the rational powers of the human mind, the true location of the sacredness of individual human life is emphasized.

Second, science can not be properly separated from the tasks to which its efforts are assigned. The great moral failure of this century has been our refusal to hate British colonialism and its sequelae sufficiently. We have not been sufficiently determined to rid the world of all vestiges of such anti-American colonialist doctrines as that of British East India Company agents Adam Smith, Thomas Malthus, David Ricardo, Jeremy Bentham, and John Stuart Mill. We have not accepted President Franklin Roosevelt's American Century perspective for a policy of eradicating the material and related effects of past colonialist policies upon what we presently term the developing nations of the world.

Dr. Edward Teller aptly referred to this during a 1977 international speaking-tour, and again during his Oct. 25, 1982 address to a Washington, D.C. assembly of the National Press Club. On that latter occasion, he chose the happy formulation, "common aims of mankind," to identify the need for resolution to make the most advanced technologies, efficiently available to developing nations. He correctly emphasized that agreement to eliminate MADness with defensive

systems was merely a temporary, if necessary avoidance of a growing war-danger. Only by attacking the "causes of war" can the danger of war be averted in the longer-term. The eradication of that great blot on humanity, the heritage of British colonialism—and what that typifies otherwise, is the obvious, indispensable center-piece to persuade nations and peoples to accept a truly human standpoint of morality in relations among and within states.

Nothing can be guaranteed. We can not assume for ourselves the possible powers to solve all the future problems confronting humanity. We can and we must act to set future generations in the direction they are culturally disposed and equipped to discover their own solutions to the problems of the future.

Finally, most specifically, there is a notable inferiority in prevailing outlooks within institutions of the OECD nations relative to the leadership of most developing nations. The OECD nations, especially over the recent decade-and-a-half, have become increasingly infected with irrational hedonism and cultural pessimism bordering on the Nazi and Nietzschean. This has affected the culture of developing nations

for the worse, but the leadership of developing nations retains, for obvious reasons, a commitment to technological progress now becoming absent from OECD nations; policy-deliberations. The lost margin of morality could be revived among the OECD nations, especially as crises now call into question the policy-structures which have led those nations into the present, worsening disaster; however, it is doubtful that such moral reawakening can be prompted in time without a concerted initiative from among the so-called developing nations.

This period of weeks is, as we have said, probably the point of no return, the point beyond which attempts to reverse the present catastrophe must fail. Better said, the choices of drastic change in policy now available to us, represent the *punctum saliens* of this global tragedy in which the world is presently living. If we fail to make these drastic policy-changes now, those who fail to do so become the tragic hero-failures of the tragedy their indecision has brought upon themselves. Perhaps the courage to force such historic decisions lies chiefly only among some nations of the developing sector.

Record of LaRouche-Riemann Econometric Forecast

Date of Forecasts	1980		1981		1982	
	1st Half 3/80	2nd Half 7/80	1st Half 1/81	2nd Half 7/81	1st Half 1/82	2nd Half 7/82
EIR Forecasts	- 7.5	+ 1.1	+ 1.1	- 5.2	- 6.0	- 6.9
Index of Actual Industrial Production	- 14.0	+ 13.2	+ 2.6	- 12.4	- 6.6	- 5.4
Data Resources Inc.	- 1.2	- 12.1	+ 2.0	- 0.1	- 7.7	+ 0.3
Wharton Econ Forecast	+ 0.5	- 11.4	+ 9.8	+ 1.8	- 9.1	+ 1.6
Conference Board	+ 2.0	- 9.6	+ 0.9	- 1.8	- 5.1	+ 1.4
Commerce Department	- 1.6	- 8.6	+ 6.0	+ 1.4	- 4.0	+ 4.2
Morgan Guaranty	- 1.4	- 10.7	+ 5.9	+ 2.6	- 7.5	- 2.7
Evans Econometrics	+ 0.3	- 11.2	+ 4.6	+ 4.1	- 0.8	+ 0.9

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